

**Summary Review Report
H&R Ranch Property
Smith County, Washington**

REPORT UNDER REVIEW

Appraisal Client	Bureau of Land Management
Intended User(s)	BLM
Purpose and Intended Use	To estimate the market value of property proposed for acquisition by BLM
Appraiser	Leonard McFearson, MAI
Date of Valuation	May 18, 2000
Appraiser's Value Opinions	\$105,000 property; \$440 associated road easement
Date of Appraisal Report	June 5, 2000
Property Description	Located in the East ½ of Section 22-28-38 EWM, except the SW ¼ of the NE ¼; and that portion of the South ½ of Section 14-18-38 EWM lying South of the railroad right-of-way; all in Smith County, WA. (See full legal description in report addenda.) A road easement to the north of the property over an existing primitive road provides access to Jones Road, a county gravel road.
Property Interest Appraised	Fee simple
Current Use	Grazing [wet/meadow (96 acres) and dry range (377 acres)]
Highest and Best Use	Recreation

REVIEWER'S RECOMMENDATION/APPROVAL OF MARKET VALUE FOR AGENCY USE

Approved Value, Ranch Land	\$105,000
Approved Value, 2.75 acre Road Easement	\$ 440

PURPOSE AND SCOPE OF REVIEW

Date of Review	July 6, 2000
Purpose and Intended Use of the Appraisal Review	To recommend/approve an appraisal report for use in acquiring the property.
Scope of Review Work	Desk review only. No field research was undertaken. My review is based on my analysis of the logic and data contained in the report itself, my knowledge of the market area, and my own knowledge and understanding of applicable professional and federal appraisal standards including <i>The Uniform Standards of Professional Appraisal Practice</i> (USPAP) and the <i>Uniform Appraisal Standards for Federal Land Acquisitions</i> .

SIGNIFICANT FACTORS CONSIDERED (Optional)

- The property consists of two separate parcels which adjoin at the section corner.
- The property is physically separated from adjoining lands to the north by a railroad grade.
- The property adjoins the Crab Creek ranch to the southeast which was recently purchased by BLM for recreation and wildlife habitat.
- Terrain is undulating and scoured and included buttes, part of a lake, wet meadows, and intermittent drainages.
- The ranch is located about 60 miles from the nearest major employment center (Spokane) and 17 miles south of I-90.
- Access is currently limited to a primitive county road for more than a mile and will be somewhat improved with the purchase of the associated easement but still via a mile or so of primitive roadway.
- The ranch has no recorded water rights but does have a well with electricity to it that produces under 5,000 gal/day and is not subject to regulation.
- Soils are unsuitable for growing crops. Current land use is for grazing. Appraiser estimates 377 acres of range land and 96 acres of wet/meadow.
- Some of the more desirable properties in the area have been purchased for recreational use.

REVIEWER'S CONCLUSIONS

Is the appraisal report complete and appropriate for the assignment?

Yes/No

Meets applicable scope of work for the assignment. Inspections and verifications done to BLM standards. *(See Standard Rule 2-2, letter of assignment and/or instructions.)*

Is the information relied on adequate and relevant to the assignment?

Yes/No

The appraiser examined land sales that occurred over the last four years in Adams, Lincoln, and Whitman counties and found an adequate number of relevant property sales. The seven sales used occurred between December, 1996 and July, 1999. Six of the seven sales ranged in size from 563 acres to 1903 acres, with the seventh sale being the adjoining Crab Creek Ranch itself at close to 13,000 acres. Four of the sales were to private buyers and three were to the government (BLM) which has been an active buyer in the market area. Two of the four private sales were to recreational buyers while the other two were motivated by agricultural investment opportunities. The three public sales were motivated by public recreational use and habitat preservation. While the report would not be acceptable if only sales to the government were relied on, the appraiser presented adequate and relevant private sales to support his concluded values as well.

Is the highest and best use supported? *(BLM Manual)*

Yes/No

The subject's most probable use is as a base camp for hunting, fishing, and other outdoor recreational opportunities enhanced by its location adjacent to publically owned recreational property. The trend to recreational use of the nicer tracts in the area is explained and supported in the report. Recent transactions included in the appraisal report support gradual change from cattle ranching to rural recreation/home site use.

Are the adjustments reasonably supported?

Yes/No

The appraiser uses the bracketing technique rather than quantitative adjustments to establish values by land type (i.e. wet/meadow and dry range).. Land use allocations are objectively supported based on soil types.

Are the appraisal techniques and methods used appropriate?

Yes/No

The appraiser used the sales comparison approach only. He felt the income approach was unreliable since agricultural use on recreation properties is for an interim period only and does not correlate well to the prices paid for recreational use. The associated easement across property being retained in private ownership was appraised based on an "across the fence" rangeland value.

Are the analyses, opinions and conclusions of value appropriate and reasonable? *(Develop reasons for any disagreements.)*

_____ **Yes/No**

The appraiser did a good job in comparable selection particularly considering current Eastern Washington market trends. Traditional cattle grazing use is in long term decline while land most suited for recreation and wildlife habitat is in greatest demand. His value conclusions are within the range of comparable sales and considered reasonable. The appraised value is consistent with what BLM recently paid for the larger Crab Creek Ranch. We paid \$450 per acre for the wet/meadow portion of the ranch a year ago and \$147 per acre for the dry range. The appraiser's conclusions for the subject property were slightly higher at \$465 for the wet meadow (+3.3%) and \$160 for the range (+ 8.8%). This small increase in value due to market conditions is considered reasonable.

REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS (Minimum)

1. The appraisal review memorandum is based on information and data contained in the appraisal report which is the subject of the review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. It is assumed that such data and information are factual and accurate.
3. The reviewer reserves the right to consider any new or additional data or information which may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review, are also conditions of this review.

REVIEWER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review.
- My analyses, opinions, and conclusions were developed and this report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I did/ did not personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.
- To the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this review has been prepared in conformity with the requirements of the Code of Professional Ethics and standards of the **[name of professional organization to which reviewer belongs, if applicable]**.
- If the appraisal under review is for exchange, I affirm that I have not equalized approved appraisal values solely for the purpose of eliminating cash equivalency payments under Section 206, FLPMA.

July 14, 2000

Helen L. Honse, RPRA
Chief State Appraiser
Bureau of Land Management

Oregon State Certified General Appraiser
Certificate #C000384, Expires 8/31/2001